

1925

SEVENTY-SECOND REPORT

of the

Board of Directors

of the

Lehigh Valley Railroad Company

to the

Stockholders

For the Year Ended December 31, 1925

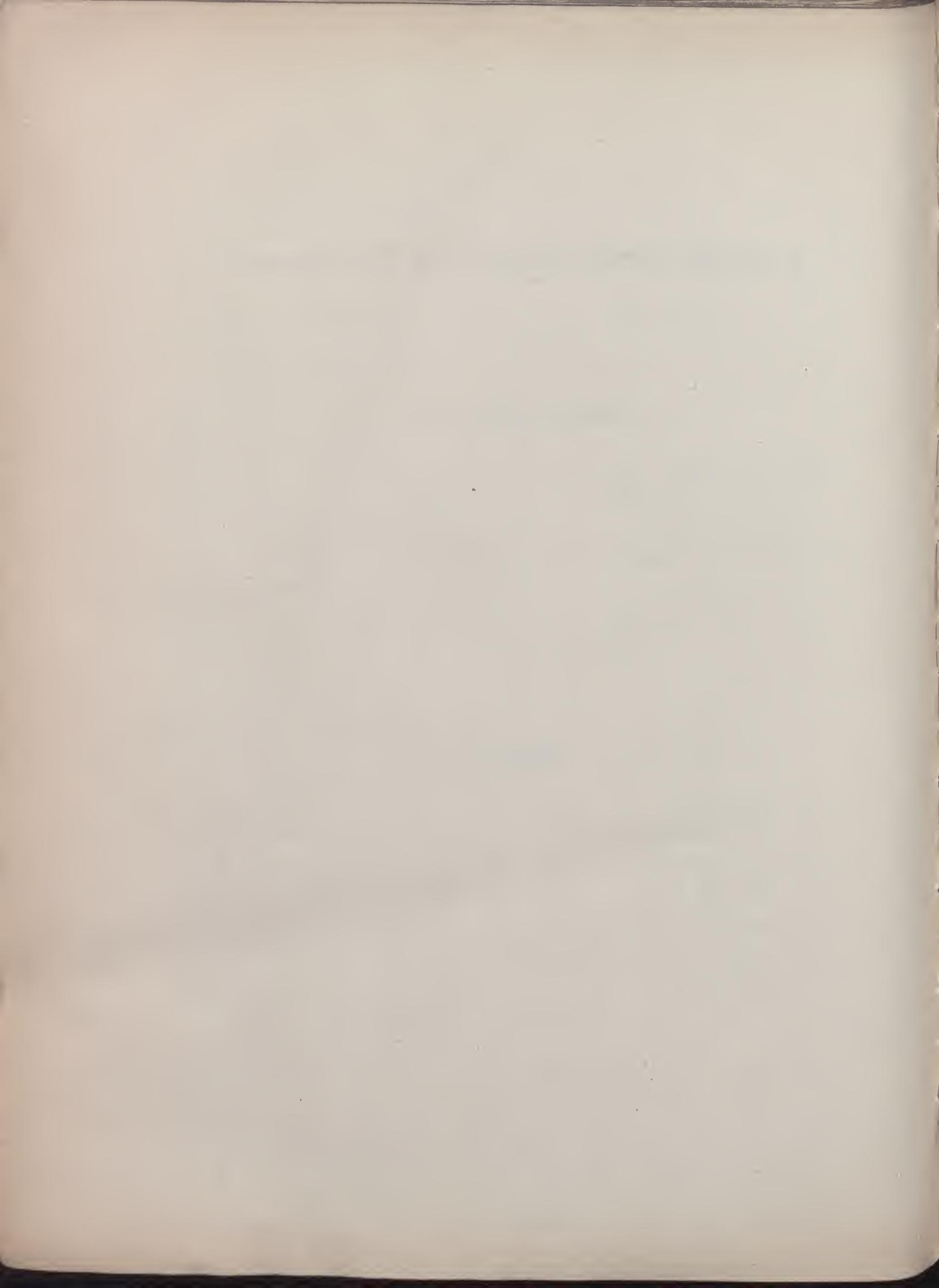
Lehigh Valley Railroad Company

Board of Directors

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MORRIS L. CLOTHIER	GEORGE T. SLADE
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1925

LEHIGH VALLEY RAILROAD COMPANY

Seventy-second Report

Philadelphia, Pa., March 3, 1926.

To the Stockholders of the Lehigh Valley Railroad Company:

The Board of Directors submits herewith its report for the year ended December 31, 1925.

INCOME

The Corporate Income for the year was as follows:

Total Operating Revenues	\$74,430,573.07
Total Operating Expenses	57,433,390.16
Net Operating Revenue.....	\$16,997,182.91
Railway Tax Accruals.....	\$3,604,181.75
Uncollectible Railway Revenues.....	17,400.52
Equipment Rents—Net.....	1,154,456.14
Joint Facility Rents—Net.....	273,835.37
	4,502,203.04
Net Railway Operating Income.....	\$12,494,979.87
Other Income	2,492,231.89
Total Income	\$14,987,211.76
Deductions from Income.....	6,940,648.17
Net Income.....	\$8,046,563.59

PROFIT AND LOSS

Balance December 31, 1924.....	\$55,621,765.55
Transferred from Income.....	8,046,563.59
Miscellaneous Items—Net.....	161,684.91
	\$63,506,644.23
Dividends	4,245,749.00
Balance December 31, 1925.....	\$59,260,895.23

A comparative income statement in detail will be found on page 15.

LEHIGH VALLEY RAILROAD COMPANY

FINANCIAL

During the year \$1,000,000 Collateral Trust 4 per cent. Bonds matured and were paid. Since the close of the year the final installment of this issue amounting to \$500,000 also matured and was paid.

Securities amounting to \$24,000,000, which had been under pledge as collateral, were returned to your Company's Treasury, as a result of the redemption of the \$15,000,000 Ten-Year Collateral Trust 6 per cent. Bonds of 1928.

At the close of the year your Company held in its Treasury unpledged securities amounting to \$29,280,904.32, as shown on page 10, and, in addition, the following securities of its own issue:

Collateral Trust 4% Bonds.....	\$23,000.00
General Consolidated Mortgage Bonds.....	38,071,000.00
Consolidated Real Estate Co. Bonds (assumed).....	2,600,000.00

	\$40,694,000.00

Your Company has practically no maturities of outstanding obligations to meet for the next thirteen years, when an issue of \$8,500,000 becomes due, the refunding of which is provided for in the General Consolidated Mortgage.

Since September 30, 1903, the date of the General Consolidated Mortgage, expenditures of approximately \$62,000,000 have been made for Additions and Betterments to the property of your Company and for other capital purposes against which no new or additional securities have been issued.

The Bonds of the Lehigh Valley Railroad Company and its subsidiaries in the hands of the public, as of December 31, 1925, amounted to \$126,466,000, a reduction of \$358,500, compared with a year ago. The average interest rate is 4.61 per cent.

Your Company has no equipment trust obligations.

ROAD AND EQUIPMENT

Expenditures for Additions and Betterments to road and equipment during 1925, including expenditures on subsidiary properties, amounted to \$5,608,964.02.

At Bayonne, your Company's line was extended to connect with the rails of the East Jersey Railroad and Terminal Company, reaching an important industrial territory.

Two inland freight stations for receiving and delivering freight in New York City were opened, these facilities being in addition to the piers on the Hudson, East and Harlem rivers.

As a result of changes made necessary by the elimination of highway grade crossings at Perth Amboy, a new freight station was erected, local yards rearranged and freight handling facilities increased. Other improvements to facilitate the handling of freight business were made in New York City at the West 27th Street Yard, Manhattan, and the 149th Street Yard, the Bronx; and at Jersey City, Hillside, South Plainfield, Easton, Allentown, Coxton, Miners Mills, Weedsport and Williamsville.

To meet the demand for increased clearances in connection with the trend toward larger box cars and the higher loading of boxed automobiles, etc., on flat cars, changes were made in Musconetcong tunnel. At the same time, several adjacent overhead highway bridges were raised to correspond with the new clearance requirements.

The new passenger station at Bethlehem was completed and is now in service.

Important progress was made upon the improvements at Easton. The new four-track viaduct was partially completed, two tracks having been placed in service. New concrete coal pockets were finished and work on the new passenger and freight station is under way.

LEHIGH VALLEY RAILROAD COMPANY

The bridge at Phillipsburg, to which reference was made in the last report, was completed. Five other new bridges were constructed, a four-track main line bridge across the Lackawanna River at Pittston Jct. was rebuilt, fourteen bridges were strengthened and modernized and six were eliminated.

A new laundry building was constructed and equipped and a new refrigerating plant installed for the Dining Car Department at Easton.

To provide for the handling of heavier locomotives on the eastern end of the line, a new engine house of fifteen stalls was constructed at Lehighton and the capacity of the engine house at Easton materially increased. Longer turntables were also installed at Perth Amboy, Easton and Tunkhannock. Fifteen stalls in the engine house at Coxton were also enlarged.

Orders were placed during the year for the construction of 500 steel automobile cars, 500 steel coal cars and 100 mill type cars. These cars will be delivered during the present year and paid for out of current funds.

Thirty-five 12,000-gallon capacity locomotive tenders were purchased and put in service during the year and five three-cylinder locomotives, three steel dining cars and five steel passenger coaches, orders for which were placed in 1924, were also received.

One new tug was added to the New York Harbor equipment of your railroad, making sixteen tugs in that service.

To meet the requirements of the Kaufman Act prohibiting the operation of steam locomotives in the City of New York, your Company purchased two oil-electric locomotives for switching service in the yards at West 27th Street, Manhattan, and 149th Street, the Bronx.

A study of the advantages to be gained both in service to the public and through economies in operation resulted in further investment in new motor equipment to be used on the rails. One gasoline motor car, five gasoline-electric motor cars and one trailer for the handling of passengers and baggage were purchased during the year and are now in service. On some of these motor car runs, regular way freight service is also performed.

Contracts have been made with operators of motor trucks for the handling of freight over several routes, eliminating the use of steam trains and effecting material savings. These motor trucks traveled a total distance of 41,686 miles and handled 13,087,734 pounds of freight.

Together with practically all other large railroads of the United States, your Company has been ordered by the Interstate Commerce Commission to equip two of its passenger operating divisions with a system of automatic train control, intended to protect trains against accident in instances where enginemen fail to heed the existing automatic signals. One division, between Newark and Easton, has been equipped and thirty locomotives have had the required apparatus installed. The work of equipping the balance of the engines operating in this territory is progressing steadily. Plans are now under consideration with regard to the second passenger division. This system of train control is in addition to the protection already afforded by automatic signals.

Track maintenance facilities were increased by the purchase of eighteen motor cars and nine trailers as well as by further purchases of pneumatic tie tampers, concrete mixers and other power operated machines.

An interlocking plant and signals were installed on the National Docks Branch at Jersey City.

GENERAL REMARKS

For the first eight months of 1925 normal conditions prevailed upon your railroad. On September 1st, however, the mining of anthracite was suspended following the termination of wage and working agreements between the miners' organization and the operators, resulting in the loss of this traffic for the four remaining months of the year. The revenues of your Company from the handling of this commodity were about \$5,260,000 less than in 1924. This enormous reduction in revenues could not be offset entirely by the receipts from other traffic, but it is worthy of note that general merchandise business increased 6.4% and passenger revenues increased 4.5% as com-

LEHIGH VALLEY RAILROAD COMPANY

pared with the previous twelve months. Had anthracite operations continued normally throughout the year the gross receipts from transportation for 1925 would easily have exceeded those of any previous year.

Over ninety-six miles of 136-pound rail, the Company's standard and the heaviest rail in general use on any railroad, were laid during the year. These new rails are 39 feet long, as against a former length of 33 feet. The Lehigh Valley was the first to lay this longer rail, having begun its use in 1924. The main line is now 74% equipped with 136-pound rail, while 73% of all the ties in your Company's tracks are creosoted, 322,000 creosoted ties having been installed during 1925.

A new grain elevator of 1,200,000 bushels capacity was placed in service at Buffalo on property purchased from your Company in the Tifft Farm territory, directly on Lake Erie, and already the owners have let contracts for increasing its capacity 75%. Other industries are giving evidence of increasing interest in the opportunities offered at the Tifft Farm development, enjoying, as it does, remarkable rail and water advantages, and important additions to the freight traffic of your Company will be made through the location of new plants at that point.

A total of 107 industries, ninety of them with direct track connections, were located along the Lehigh Valley during the year, 6.8 miles of new track having been constructed to serve these and other industries.

Taxes for the year amounted to \$3,991,167.31, an increase of \$334,606.57 compared with 1924. It is noteworthy, in this connection, that the taxes of the railways generally, in the last ten years, have increased 170%, and more in proportion than any other form of their income or outgo.

Consideration is being given, in accordance with a Federal decree, to plans for the sale of the capital stock of Coxe Bros. & Co., Inc., all the stock of which concern is owned by your Company.

Since the close of the year, William C. Sproul was elected a member of the Board of Directors, succeeding Samuel T. Bodine, who resigned, after ten years' service, because of the press of other duties.

Your Company's employes and officers worked faithfully and efficiently during the year and grateful acknowledgment is made of their loyal service.

Respectfully,

E. E. LOOMIS,

President.

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LEHIGH VALLEY RAILROAD COMPANY

Table 1

GENERAL BALANCE SHEET

ASSETS		
INVESTMENTS:		
In road.....	(See Note below)	\$36,604,626.59
In equipment.....		69,727,846.69
		<hr/>
Improvements on leased railway property.....		1,381,451.50
Sinking Funds		33,110.00
Miscellaneous physical property.....		3,205,112.06
Investments in affiliated companies:		
Stocks	\$53,520,689.28	
Bonds	20,856,130.00	
Advances	17,969,635.39	
	<hr/>	
Other investments:		
Stocks	\$685,684.45	
Bonds	11,807,896.45	
Notes	164,220.92	
Miscellaneous	5,822.00	
	<hr/>	
Total investments		12,663,623.82
	<hr/>	
		215,962,225.33
CURRENT ASSETS:		
Cash	\$4,963,873.51	
Special deposits	55,630.20	
Loans and bills receivable.....	2,350.86	
Traffic and car-service balances receivable.....	176,829.30	
Net balance receivable from agents and conductors.....	1,448,651.89	
Miscellaneous accounts receivable.....	1,220,165.14	
Material and supplies.....	6,906,602.57	
Interest and dividends receivable.....	259,776.77	
Rents receivable	14,288.02	
Other current assets.....	175,859.14	
	<hr/>	
Total current assets.....		15,224,027.40
DEFERRED ASSETS:		
Working fund advances.....	\$23,703.32	
Insurance and other funds.....	36,822.72	
Other deferred assets.....	2,915.32	
	<hr/>	
Total deferred assets.....		63,441.36
UNADJUSTED DEBITS:		
Rents and insurance premiums paid in advance.....	\$15,702.96	
Other unadjusted debits.....	1,626,360.80	
	<hr/>	
Total unadjusted debits.....		1,642,063.76
TOTAL ASSETS		\$232,891,757.85

NOTE:—The item Investment in Road represents only road property of Lehigh Valley Railroad Company proper (Phillipsburg, N. J., to Wilkes-Barre, Pa.). The total road and equipment investment of the system, including transportation subsidiaries, owned by your Company, is \$240,667,754.55.

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LEHIGH VALLEY RAILROAD COMPANY

DECEMBER 31, 1925

LIABILITIES		
STOCK:		
Common stock.....	\$60,501,700.00
Preferred Stock.....	106,300.00	.....
Total stock outstanding.....		\$60,608,000.00
LONG-TERM DEBT:		
Funded debt.....	\$118,436,000.00	.....
Less—Funded debt held in treasury.....	40,709,000.00	.....
Total long-term debt outstanding.....		77,727,000.00
CURRENT LIABILITIES:		
Traffic and car-service balances payable.....	\$52,453.80	.....
Audited accounts and wages payable.....	4,875,664.64	.....
Miscellaneous accounts payable.....	823,226.47	.....
Interest matured unpaid.....	409,436.25	.....
Dividends matured unpaid.....	9,038.91	.....
Funded debt matured unpaid.....	65,000.00	.....
Unmatured dividends declared.....	1,061,437.25	.....
Unmatured interest accrued.....	521,950.90	.....
Unmatured rents accrued.....	515,150.80	.....
Other current liabilities.....	346,795.88	.....
Total current liabilities.....		8,680,154.90
DEFERRED LIABILITIES:		
Liability for provident funds.....	\$29,627.97	.....
Other deferred liabilities.....	240,084.22	.....
Total deferred liabilities.....		269,712.19
UNADJUSTED CREDITS:		
Tax liability	\$2,676,211.48	.....
Accrued depreciation—Equipment.....	22,314,811.55	.....
Other unadjusted credits.....	1,225,232.23	.....
Total unadjusted credits.....		26,216,255.26
CORPORATE SURPLUS:		
Additions to property through income and surplus.....	\$129,740.27	.....
Profit	59,260,895.23	.....
Total corporate surplus.....		59,390,635.50
TOTAL LIABILITIES.....		\$232,891,757.85

LEHIGH VALLEY RAILROAD COMPANY

Table 2 Statement of Securities of Affiliated Operated Companies Owned, December 31, 1925

KIND	PAR VALUE		
	PLEDGED	UNPLEDGED	TOTAL
STOCKS:			
Bay Shore Connecting Railroad Co.		\$27,900.00	\$27,900.00
Delaware, Susquehanna & Schuylkill Rail Road Co.	a \$1,500,000.00	.....	1,500,000.00
Easton & Northern Railroad Co.	b 565,000.00	.....	565,000.00
Lehigh & New York Railroad Co.—Preferred	b 3,353,130.00	.....	3,353,130.00
Lehigh & New York Railroad Co.—Common	b 155,100.00	.....	155,100.00
Lehigh Valley Harbor Terminal Railway Co.		100,000.00	100,000.00
Lehigh Valley Railroad Co. of New Jersey	b 20,433,000.00	.....	20,433,000.00
Lehigh Valley Rail Way Co.	b 11,745,000.00	.....	11,745,000.00
Loyalsock Railroad Co.	b 825,000.00	.....	825,000.00
Montrose Railroad Co.		100,000.00	100,000.00
Pennsylvania & New York Canal & Railroad Co.	b 1,511,550.00	.....	1,511,550.00
Schuylkill & Lehigh Valley Railroad Co.	b 500,000.00	.....	500,000.00
Miscellaneous		8,500.00	8,500.00
Total	\$40,587,780.00	\$236,400.00	\$40,824,180.00
BONDS:			
Easton & Northern Railroad Co., First Mortgage		\$250,000.00	\$250,000.00
Easton & Northern Railroad Co., Debentures	b \$23,000.00	.....	23,000.00
Greenville & Hudson Railway Co., First Mortgage		350,000.00	350,000.00
Irvington Railroad Co., First Mortgage		125,000.00	125,000.00
Lehigh-Buffalo Terminal Railway Corp'n, First Mortgage		5,000,000.00	5,000,000.00
Lehigh Valley Railroad Co. of New Jersey, Debentures	b 3,310,000.00	.....	3,310,000.00
Lehigh Valley Rail Way Co., Debentures	b 6,643,000.00	.....	6,643,000.00
Lehigh Valley Terminal Railway Co., First Mortgage		1,000.00	1,000.00
Loyalsock Railroad Co., Debentures	b 35,000.00	.....	35,000.00
Middlesex Valley Railroad Co., First Mortgage		410,000.00	410,000.00
Montrose Railroad Co., First Mortgage		100,000.00	100,000.00
Montrose Railroad Co., Debentures		12,000.00	12,000.00
Penna. & New York Canal & Railroad Co., Debentures	b 1,640,000.00	.....	1,640,000.00
Rochester Southern Railroad Co., First Mortgage		425,000.00	425,000.00
Schuylkill & Lehigh Valley Railroad Co., First Mortgage		2,000,000.00	2,000,000.00
Schuylkill & Lehigh Valley Railroad Co., Debentures	b 6,000.00	.....	6,000.00
Seneca County Railway, First Mortgage		500,000.00	500,000.00
Total	\$11,657,000.00	\$9,173,000.00	\$20,830,000.00
Grand Total	\$52,244,780.00	\$9,409,400.00	\$61,654,180.00
Book Value of the above securities	\$49,319,538.78	\$9,409,400.00	\$58,728,938.78

NOTE.—As the income from the operation of these properties is included in the Income Account of the Lehigh Valley Railroad Co., no dividends or interest are received on these securities.

Statement of Other Securities Owned

KIND	PAR VALUE			DIVIDENDS AND INTEREST
	PLEDGED	UNPLEDGED	TOTAL	
STOCKS:				
Buffalo Creek Railroad Co.		\$125,000.00	\$125,000.00	\$8,750.00
Coxe Bros. & Co., Incorporated	a \$2,910,150.00	.....	2,910,150.00	934,473.60
Highland Coal Co.		120,000.00	120,000.00	14,400.00
Ironton Railroad Co.		400,000.00	400,000.00	81,691.05
Lehigh & Hudson River Railway Co.		572,800.00	572,800.00	57,280.00
National Storage Co.		2,400,000.00	2,400,000.00	.....
New York & Middle Coal Field Railroad & Coal Co.		1,216,325.00	1,216,325.00	100,000.00
Wyoming Valley Water Supply Co.		1,686,900.00	1,686,900.00	50,000.00
Miscellaneous		5,327.45	5,327.45	4,564.00
Total	\$2,910,150.00	\$6,526,352.45	\$9,436,502.45	\$1,251,158.65
BONDS:				
Baltimore and Ohio Railroad Co., Ten Year Secured 6%		\$435,000.00	\$435,000.00	\$9,703.15
Chicago, St. Paul, Minn. & Omaha Rwy. Co., Consolidated Mortgage 6%		233,000.00	233,000.00	8,388.00
Cleveland, Cinn., Chicago & St. Louis R. R. Co., 4½% and 6%		469,000.00	469,000.00	7,792.08
Erie Railroad Company, Consolidated 7%		250,000.00	250,000.00	4,861.10
Government of Argentine Nation, Five Year 7%		200,000.00	200,000.00	14,000.00
Louisiana Oil Refining Corp., Debenture 5½% Gold		240,000.00	240,000.00	13,200.00
New York State Realty and Terminal Co., 4½% Mortgage		300,000.00	300,000.00	4,125.00
Pennsylvania R. R. Co., Ten Year Secured 7% Gold		225,000.00	225,000.00	7,519.17
Province of Alberta, Debenture 5½%		200,000.00	200,000.00	11,000.00
South Carolina and Georgia Rwy. Co., 1st Mortgage 5½%		175,000.00	175,000.00	9,625.00
Southern Pacific R. R. Co., Twenty Year 4% Gold		600,000.00	600,000.00	8,866.66
St. Louis & San Francisco Rwy. Co., Prior Lien 6%		527,000.00	527,000.00	9,729.00
U. S. Gov't. Liberty Loan 4½%		6,000,000.00	6,000,000.00	255,000.00
Equipment Trust Certificates		1,029,000.00	1,029,000.00	51,631.60
Miscellaneous		984,900.00	984,900.00	29,351.65
Interest Received on Bonds Sold				14,338.33
Total		\$11,867,900.00	\$11,867,900.00	\$459,130.74
Other Securities		\$7,046.04	\$7,046.04	.....
Total Bonds and Other Securities		\$11,874,946.04	\$11,874,946.04	c \$459,130.74
Grand Total	\$2,910,150.00	\$18,401,298.49	\$21,311,448.49	\$1,710,289.39
Book Value of the above Securities	\$8,440,000.00	\$19,871,504.32	\$28,311,504.32	.....

^a Pledged under Lehigh Valley Railroad Company Collateral Trust Agreement of Nov. 1st, 1905.

^b Pledged under Lehigh Valley Railroad Company General Consolidated Mortgage of Sept. 30, 1903.

^c Total interest received on Bonds and Other Securities \$459,130.74 does not agree with the Income from Funded Securities as shown on the Income Statement, Page 15, inasmuch as "Interest during Construction," \$28,926.03 is not included in this table.

The book value of the securities \$87,040,443.10 is carried on the balance sheet as follows:
Investments in Affiliated Companies—Stocks and Bonds..... \$74,376,819.28
Other Investments—Stocks, Bonds, Notes and Miscellaneous..... \$12,663,623.82

LEHIGH VALLEY RAILROAD COMPANY
Statement of Funded Debt, December 31, 1925

Table 3

DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	IN TREASURY OF THE COMPANY OR PLEDGED	IN HANDS OF THE PUBLIC	INTEREST		ACCRUED DURING THE YEAR
					RATE	PAYABLE	
LEHIGH VALLEY RAILROAD COMPANY:							
First Mortgage Bonds.....	May 15, 1868	June 1, 1948		\$5,000,000	4%	June and Dec.	\$200,000.00
Consolidated Mortgage Bonds.....	Nov. 13, 1873	{ Perpetual		10,062,000	6%	June and Dec.	603,720.00
*General Consolidated Mortgage Bonds.....	Sept. 30, 1903	May 1, 2003	\$12,686,000 † 1,000,000 24,400,000	2,538,000 26,953,000 20,697,000 12,000,000	4½% 4% 4½% 5%	June and Dec. May and Nov. May and Nov. May and Nov.	114,210.00 1,078,120.00 931,365.00 600,000.00
Collateral Trust Bonds.....	Nov. 1, 1905		(\$500,000 semi-annually) (to Feb. 1, 1926)	23,000	4%	Feb. and Aug.	25,172.56
CONSOLIDATED REAL ESTATE COMPANY:							
First Mortgage Bonds.....	Feb. 1, 1906	Feb. 1, 1956		2,600,000	4%	Feb. and Aug.	.....
Total Funded Debt and Interest.....	.....	.....		\$40,709,000	.....	.....	\$3,552,587.56

*Amount of authorized issue \$150,000,000.

† \$15,000 pledged with Girard Trust Co.

Excludes interest on securities in the Treasury.

Table 4

Guarantees and Rentals, Year Ended December 31, 1925

GUARANTEES	DATE OF ISSUE	DATE OF MATURITY	IN HANDS OF THE PUBLIC	GUARANTEES AND RENTALS		ACCRUED DURING THE YEAR
				RATE	PAYABLE	
ENTIRE CAPITAL STOCK OWNED:						
Lehigh Valley Terminal Railroad Co., First Mortgage Bonds.....	Oct. 1, 1891	Oct. 1, 1941	\$9,999,000	5%	April and Oct.	\$499,950.00
Easton & Northern Railroad Co., First Mortgage Bonds.....	Oct. 7, 1895	Nov. 1, 1935	50,000	4½%	May and Nov.	2,257.75
Penna. & N. Y. Canal & Railroad Co., Consolidated Mortgage Bonds.	Nov. 13, 1888	April 1, 1939	{ 4,000,000 1,500,000 3,000,000	5% 4½% 4%	April and Oct.	200,000.00
The Lehigh Valley Rail Way Co., First Mortgage Bonds.....	June 23, 1890	July 1, 1940	15,000,000	4½%	April and Oct.	675,000.00
Middlesex Valley Railroad Co., First Mortgage Bonds.....	Aug. 26, 1892	Nov. 1, 1942	190,000	5%	Jan. and July	120,000.00
The Lehigh & Lake Erie Railroad Co., First Mortgage Bonds.....	Mar. 1, 1907	Mar. 1, 1957	3,000,000	4½%	May and Nov.	10,000.00
Lehigh Valley Harbor Terminal Railway Co., First Mortgage Bonds.	Feb. 1, 1924	Feb. 1, 1954	10,000,000	5%	Mar. and Sept.	135,000.00
MAJORITY CAPITAL STOCK OWNED:						
Lehigh & New York Railroad Co., First Mortgage Bonds.....	Aug. 24, 1895	Sept. 1, 1945	2,000,000	4%	Feb. and Aug.	500,000.00
Total .....	.....	.....	\$48,739,000	.....	Mar. and Sept.	80,000.00
RENTALS—LINES NOT OWNED:						
State Line and Sullivan Railroad Co.....						40,000.00
Raritan Terminal and Transportation Co.....						2,000.00
New York Central Railroad Co.....						14,117.46
Total Interest and Rentals	\$2,345,825.21

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LEHIGH VALLEY RAILROAD COMPANY

ADDITIONS AND BETTERMENTS, ENTIRE SYSTEM, YEAR ENDED

DECEMBER 31, 1925

Table 5

	EXPENDITURES AND CHARGES	RETIREMENTS	NET AMOUNT
Engineering	\$57,703.94	\$134.94	\$57,569.00
Land for transportation purposes.....	77,078.13	63,006.11	14,072.02
Grading	244,406.58	28,694.99	215,711.59
Bridges, trestles and culverts.....	568,776.61	11,100.28	557,676.33
Ties	37,372.81	15,250.24	22,122.57
Rails	354,421.72	19,382.39	335,039.33
Other track material.....	216,315.08	11,169.91	205,145.17
Ballast	90,508.29	2,450.86	88,057.43
Track laying and surfacing.....	75,366.02	17,785.29	57,580.73
Right of way fences.....		212.65	212.65
Crossings and signs.....	273,163.81	2,711.15	270,452.66
Station and office buildings.....	493,674.58	17,150.41	476,524.17
Roadway buildings.....	13,067.50	3,570.00	9,497.50
Water stations.....	47,837.65	59.04	47,778.61
Fuel stations.....	1,694.55	4,647.15	2,952.60
Shops and engine houses.....	445,488.04	53,158.50	392,329.54
Grain elevators.....	5,046.80	.....	5,046.80
Wharves and docks.....	49,627.27	44,239.20	5,388.07
Coal and ore wharves.....	30,526.84	33,146.77	2,619.93
Gas Producing Plants.....	2,450.47	.....	2,450.47
Telegraph and telephone lines.....	3,800.41	85.08	3,885.49
Signals and interlockers.....	137,630.47	3,396.93	134,233.54
Power plant buildings.....	3,882.76	7,845.40	3,962.64
Power transmission systems.....	10,058.93	.....	10,058.93
Power distribution systems.....	8,891.26	.....	8,891.26
Power line poles and fixtures.....	8,131.86	.....	8,131.86
Miscellaneous structures	3,115.58	.....	3,115.58
Roadway machines	48,152.11	.....	48,152.11
Roadway Small Tools.....	5,102.06	.....	5,102.06
Assessments for public improvements.....	34,237.97	.....	34,237.97
Shop machinery	123,397.71	32,754.15	90,643.56
Power plant machinery.....	28,375.25	1,080.00	27,295.25
Steam locomotives	1,024,972.25	785,685.12	239,287.13
Freight train cars.....	249,239.38	1,566,461.99	1,317,222.61
Passenger train cars.....	425,667.03	21,415.73	404,251.30
Motor Equipment of Cars.....	87,426.52	.....	87,426.52
Floating equipment	170,995.06	81,682.28	89,312.78
Work equipment.....	116,754.76	18,028.49	98,726.27
Miscellaneous equipment	5,897.80	5,954.34	56.54
General expenditures	46,402.58	.....	46,402.58
Total	\$5,608,964.02	\$2,852,259.39	\$2,756,704.63

1925
LEHIGH VALLEY RAILROAD COMPANY
EQUIPMENT (Entire System) AS OF DECEMBER 31, 1925

Table 6

LOCOMOTIVES:	
Tractive power (pounds)	957 40,729,893
PASSENGER EQUIPMENT:	
Passenger	237
Combined passenger and baggage	44
Combined passenger and baggage (Gasoline Motor)	2
Combined passenger and baggage (Gasoline-Electric Motor)	4
Combined baggage and mail	21
Combined baggage and mail (Gasoline-Electric Motor)	1
Baggage and express	177
Dining	15
Kitchen	1
Library buffet	3
Milk	159
Total	<u>664</u>
FREIGHT EQUIPMENT:	
Box	11,469
Coal	14,165
Gondola	2,628
Flat	33
Refrigerator	817
Automobile	759
Ice	193
Well	9
Gun and armor	4
Set of gun and armor trucks	1
Cabooses	490
Total	<u>30,568</u>
WORK EQUIPMENT:	
Air-brake instruction	1
Air-dump	100
Ash	753
Box	1
Coal	51
Derrick	37
Flat	39
Gondola	550
Grading	15
Hospital	2
Locomotive cranes	44
Official	6
Pile driver	2
Poling	2
Scale-test	3
Snow flangers	20
Snow plows	10
Spreader	4
Steam shovels	2
Tank	3
Tool	31
Tunnel	4
Unloader	1
Workmen's	349
Total	<u>2,030</u>
FLOATING EQUIPMENT:	
Tugs	16
Steam lighters	4
Barges	188
Car floats	33
Service boats	11
Total	<u>252</u>

LEHIGH VALLEY RAILROAD COMPANY

MILEAGE OF ROAD AND TRACK OPERATED, DECEMBER 31, 1925

Table 7

By Corporate Ownership

	MILES OF ROAD	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	INDUS- TRIAL TRACK MILES	YARD TRACKS & SIDINGS MILES	TOTAL TRACK MILES
LEHIGH VALLEY RAILROAD COMPANY.....	278.72	186.99	43.79	29.99	112.68	258.17	910.34
CONTROLLED BY OWNERSHIP OF ENTIRE CAPITAL STOCK:							
Lehigh Valley Railroad Company of New Jersey.....	121.79	91.16	37.85	13.07	51.38	240.94	556.19
Pennsylvania and New York Canal and Railroad Company	123.48	98.00	4.78	2.03	54.11	187.20	469.60
The Lehigh Valley Rail Way Company.....	514.91	197.50	15.82	.....	33.02	314.59	1,075.84
The Delaware, Susquehanna and Schuylkill Rail Road Company	10.70	8.03	.....	.....	13.12	3.92	35.77
Easton & Northern Railroad Company.....	12.78	.....	.....	.....	3.98	1.24	18.00
The Schuylkill and Lehigh Valley Railroad Company.....	41.84	.....	.....	.....	3.08	5.15	50.07
Loyalsock Railroad Company.....	44.95	.....	.....	.....	4.46	5.27	54.68
Montrose Railroad Company.....	27.36	.....	.....	.....	1.50	2.26	31.12
National Storage Company.....	.....	.....	.....	.....	.76	7.93	8.69
Lehigh Valley Harbor Terminal Railway Company.....	.....	.....	.....	.....	.....	10.99	10.99
Total	897.81	394.69	58.45	15.10	165.41	779.49	2,310.95
CONTROLLED BY OWNERSHIP OF MAJORITY OF CAPITAL STOCK AND LEASE:							
Lehigh and New York Railroad Company.....	115.37	.....	.....	.....	8.59	31.80	155.76
OPERATED UNDER LEASE:							
State Line and Sullivan Railroad Company.....	24.03	.....	.....	.....	1.10	2.68	27.81
Hays Corners, Ovid and Willard Railroad Company.....	2.98	.....	.....	.....	.20	.....	3.18
New York Central Railroad Company.....	.....	.....	.....	.....	.....	12.65	12.65
Raritan Terminal and Transportation Company.....	.....	.....	.....	.....	.60	.....	.60
Total	27.01	.....	.....	.....	1.90	15.33	44.24
OPERATED UNDER AGREEMENT JOINTLY WITH THE CENTRAL RAILROAD COMPANY OF NEW JERSEY:							
Bay Shore Connecting Railroad Company.....	.....	.....	.....	.....	2.82	.....	2.82
TRACKAGE RIGHTS:							
Pennsylvania Railroad Company.....	20.14	18.30	.....	.....	.....	.....	38.44
Peoples Railway Company.....	3.47	.....	.....	.....	.....	.....	3.47
Delaware and Hudson Company.....	.....	.....	.....	.....	.....	3.94	3.94
Erie and Wyoming Valley Railroad Company.....	.....	.88	.....	.....	.....	.....	.88
Lehigh and New England Railroad Company.....	.....	.....	.....	.....	.....	1.18	1.18
Susquehanna and New York Railroad Company.....	4.01	.....	.....	.....	.....	.....	4.01
Mountain Spring Water Ice Company.....	.....	.....	.....	.....	.84	.....	.84
John C. Haddock Estate.....	.....	.....	.....	.....	.50	.....	.50
Middle Lehigh Coal Company.....	.....	.....	.....	.....	2.42	.....	2.42
Central Railroad Company of New Jersey.....	.....	.....	.....	.....	1.00	.08	1.08
New York, Ontario and Western Railroad Company.....	.10	.....	.....	.....	.....	.....	.10
Western New York and Pennsylvania Railway Company.....	.....	.....	.....	.....	.....	.34	.34
Erie Railroad Company.....	.....	.....	.....	.....	.....	1.52	1.52
New York Central Railroad Company.....	17.10	14.29	.....	.....	13.19	.....	44.58
Buffalo Creek Railroad Company.....	.....	.....	.....	.....	.....	5.93	5.93
Total	44.82	33.47	.....	.....	17.95	12.99	109.23
Grand Total.....	1,363.73	615.15	102.24	45.09	309.35	1,097.78	3,533.34
MILEAGE BY STATES:							
Pennsylvania	573.13	293.85	48.57	32.02	198.79	471.04	1,617.40
New York	651.66	212.99	15.82	.....	55.09	368.17	1,303.73
New Jersey	138.94	108.31	37.85	13.07	55.47	258.57	612.21
Total	1,363.73	615.15	102.24	45.09	309.35	1,097.78	3,533.34

LEHIGH VALLEY RAILROAD COMPANY

INCOME STATEMENT

For the Years Ended December 31, 1925 and 1924

Table 8

AVERAGE MILES OF ROAD OPERATED.....	1925	PER CENT. OF OPERATING REVENUES	1924	PER CENT. OF OPERATING REVENUES	INCREASE	DECREASE
	1,370.26	.....	1,374.62	.....	.....	4.36
OPERATING REVENUES:						
Anthracite coal freight revenue.....						
1,096,396.16	24	\$23,148,359.14	30	\$2,475,513.15	.....	\$5,259,463.16
4,157,064.14	2	38,681,550.99	2	345,688.51	.....	26,000.61
8,034,040.35	55	7,688,391.84	51	89,48	.....	.....
305,265.12	11	304,396.64	10	304,722.72	.....	.....
1,444,284.76	—	1,139,520.04	—	43,524.19	.....	.....
2,715,049.96	2	2,671,455.77	2	170,833.54	.....	.....
1,189,576.60	2	1,018,683.06	1	.....	.....	.....
Total Operating Revenues.....	100	\$76,374,805.25	100	.....	.....	\$1,194,232.18
OPERATING EXPENSES:						
Maintenance of way and structures.....						
15 Maintenance of equipment.....						
15,910,834.33	12	\$8,421,393.06	11	\$153,393.90	.....	\$2,698,654.04
1,431,867.65	21	1,400,377.19	24	91,400.46	.....	.....
29,351,20.40	2	30,558,446.99	2	27,777.71	.....	1,197,216.59
373,274.30	39	345,476.59	40	87,595.7	.....	.....
1,735,377.61	1	1,139,798.04	1	1,030.52	.....	.....
13,981.11	—	1,647,798.04	—	.....	.....	.....
Total Operating Expenses.....	77	\$60,967,968.63	80	.....	.....	\$3,534,578.47
NET OPERATING REVENUE:						
DEDUCTIONS FROM REVENUE:						
Railway tax accruals.....						
\$3,604,181.75		\$15,406,836.62		\$1,590,346.29	.....	.....
1,740,000.52		\$3,201,421.80		\$402,759.95	.....	.....
1,154,456.14		944,061.23		1,746.02	.....	.....
273,833.37		145,839.44		210,349.41	.....	.....
						\$127,975.93
NET RAILWAY OPERATING INCOME:						
Other Income:						
Misc. non-operating physical property.....						
Separately operated properties—profit.....						
Dividend income.....		\$342,637.51		\$54,241.69	.....	.....
Income from funded securities.....		82,740.05		\$126,806.90	.....	.....
Income from unfunded securities and accounts.....		2,238,322.22		987,169.57	.....	.....
Miscellaneous income.....		316,953.21		171,103.56	.....	.....
Total Other Income.....		227,515.11		12,181.43	.....	34,406.22
Total Income.....		49,779.38		.....	.....	.....
DEDUCTIONS FROM INCOME:						
Rent for leased roads.....						
Miscellaneous rents.....						
Miscellaneous tax accruals.....						
Interest on funded debt.....						
Interest on unfunded debt.....						
Miscellaneous income charges.....						
Total Deductions from Income.....						
Net Income.....						
\$6,940,648.17		\$7,297,468.41		\$356,820.24	.....	.....
\$8,046,563.59		\$7,352,037.60		\$694,525.99	.....	.....

LEHIGH VALLEY RAILROAD COMPANY

Operating Revenues and Expenses, by Months, for the Year Ended December 31, 1925

RAILWAY OPERATING REVENUES

Table 9

MONTHS	Coal Freight	Merchandise Freight	Passenger	Mail	Express	Other Passenger Train	Other Transportation	Incidental	TOTAL RAILWAY OPERATING REVENUES	
January	\$1,872,634.11	\$2,767,678.49		\$25,439.79	\$118,289.02	\$145,618.11	\$69,344.85		\$152,891.39	
February	2,006,078.44	2,868,568.18		555,424.77	82,452.41	146,259.52	64,934.62		71,042.01	5,819,772.22
March	2,064,796.70	3,492,663.66		26,038.32	121,974.66	194,865.98	85,357.82		101,442.45	6,625,860.04
April	1,985,001.35	3,326,319.53		633,848.69	24,962.75	143,642.57	166,131.09		96,807.79	6,499,917.95
May	2,285,884.80	3,423,781.46		624,868.22	25,294.31	101,140.01	185,668.24		80,972.93	6,819,071.26
June	2,274,701.41	3,376,497.18		685,120.22	23,641.34	108,856.47	199,741.87		82,775.63	6,856,301.30
July	2,510,082.98	3,113,551.70		78,259.11	94,482.36	181,849.30	77,623.31		81,165.93	7,070,388.58
August	2,659,230.29	3,364,702.59		896,324.42	24,960.14	101,524.33	153,978.30		72,581.90	7,370,394.54
September	596,772.02	3,696,654.40		839,051.14	24,719.25	131,850.45	151,315.53		30,290.09	101,991.94
October	555,055.83	4,247,649.29		638,402.25	24,783.70	165,395.46	146,386.57		28,886.84	5,894,305.26
November	478,454.04	3,677,430.01		582,096.69	24,793.46	130,364.49	138,235.83		32,047.71	5,143,249.09
December	296,600.17	3,601,567.65		652,914.74	30,330.55	144,312.53	159,490.35		23,885.98	5,005,847.45
Total	\$19,585,292.14	\$41,157,064.14		\$8,034,040.35	\$305,265.12	\$1,444,284.76	\$1,969,540.49		\$745,509.47	\$1,189,576.60
										\$74,430,573.07

MONTHS	Maintenance of Way and Structures	Maintenance of Equipment	Traffic	Transportation	Miscellaneous Operations	General	Transportation for Investment—Cr.	NET REVENUE FROM RAILWAY OPERATIONS		
								\$1,602.53		
January	\$768,606.78	\$1,309,477.32		\$2,621,939.38	\$27,267.13	\$132,076.13		\$444.68		
February	637,857.78	1,250,481.23		2,489,544.80	25,486.29	140,644.28		2,164.99		
March	691,436.53	1,285,259.24		2,597,625.97	26,399.05	145,624.36		1,078.92		
April	624,136.63	1,305,093.58		120,217.75	2,493,675.49	28,079.03		1,634.94		
May	671,747.62	1,349,295.06		130,018.79	2,479,255.10	28,862.82		1,014.55		
June	719,605.99	1,301,225.03		135,310.88	2,403,072.89	31,956.26		858.16		
July	846,322.67	1,449,070.71		132,507.23	2,436,799.77	33,142.02		1,014.55		
August	878,561.42	1,453,292.56		128,082.49	2,454,722.11	39,475.94		3,070.26		
September	765,363.46	1,353,258.65		130,127.67	2,267,419.72	36,172.56		965.38		
October	772,736.37	1,423,429.74		129,355.35	2,437,907.36	32,303.90		137,394.74		
November	704,856.54	1,224,077.35		127,233.10	2,352,893.82	29,306.64		134,523.31		
December	493,555.17	1,206,873.88		121,688.91	2,326,373.99	34,828.66		138,664.75		
Total	\$8,574,786.96	\$15,910,834.35		\$1,491,867.65	\$29,361,230.40	\$373,274.30		\$13,988.11		
										\$57,433,390.16

1925

LEHIGH VALLEY RAILROAD COMPANY

General Operating Results for the Years Ended December 31, 1925 and 1924

Table 10

	1925	1924	INCREASE or Decrease	PER CENT.
TRAIN AND LOCOMOTIVE MILEAGE				
Revenue freight train miles—locomotive.....	6,805,671	7,114,897	309,226	4.35
Revenue passenger train miles—locomotive.....	3,645,750	3,476,268	169,482	4.88
Revenue milk and express train miles—locomotive.....	1,046,242	1,014,701	31,541	3.11
Revenue mixed train miles—locomotive.....	100,922	101,653	731	.72
Revenue special train miles—locomotive.....	4,147	5,441	1,294	23.78
Total revenue service train miles—locomotive.....	11,602,732	11,712,960	110,228	.94
Revenue freight train miles—motor.....	316	.....	316	.....
Revenue passenger train miles—motor.....	55,663	31,997	23,666	73.96
Revenue mixed train miles—motor.....	2,960	.....	2,960	.....
Total revenue service train miles—motor.....	58,939	31,997	26,942	84.20
Total revenue service train miles.....	11,661,671	11,744,957	83,286	.71
Helping and light freight locomotive miles.....	1,647,987	1,585,965	62,022	3.91
Helping and light passenger locomotive miles.....	528,833	516,975	11,858	2.29
Helping and light mixed locomotive miles.....	6,592	12,990	6,398	49.25
Helping and light special locomotive miles.....	281	1,006	725	72.07
Total revenue service locomotive miles, excluding switching and motor	13,786,425	13,829,896	43,471	.31
Switching locomotive miles.....	5,341,660	5,308,865	32,795	.62
Total revenue service locomotive miles excluding motor.....	19,128,085	19,138,761	10,676	.06
Non-revenue service locomotive miles.....	805,925	844,126	38,201	4.53
Per cent. helping and light of revenue service locomotive miles excluding switching and motor.....	15.84	15.31	.53	3.46
CAR MILEAGE				
Freight car mileage—loaded	212,375,141	210,865,016	1,510,125	.72
Freight car mileage—empty	109,922,132	110,156,726	234,594	.21
Freight car mileage—caboose	7,298,723	7,537,928	239,205	3.17
Total freight car miles.....	329,595,996	328,559,670	1,036,326	.32
Average number of loaded freight cars per train.....	30.73	29.22	1.51	5.17
Average number of empty freight cars per train.....	15.91	15.26	.65	4.26
Average number of all freight cars per train.....	46.64	44.48	2.16	4.86
Per cent. loaded of total car miles.....	64.44	64.18	.26	.41
Per cent. empty of total car miles.....	33.35	33.53	.18	.54
Per cent. caboose of total car miles.....	2.21	2.29	.08	3.49
Passenger car miles—including Pullman.....	18,751,866	17,250,369	1,501,497	8.70
Baggage, dining, mail, express and milk car miles.....	17,869,196	17,823,748	45,448	.25
Total passenger car miles.....	36,621,062	35,074,117	1,546,945	4.41
Average number of passenger train cars per passenger train	7.69	7.73	.04	.52
Special revenue service car miles.....	21,158	33,531	12,373	36.90
Non-revenue service car miles.....	1,061,779	1,019,785	41,994	4.12

LEHIGH VALLEY RAILROAD COMPANY

General Traffic Results for the Years Ended December 31, 1925 and 1924

Table 11

	1925	1924	INCREASE OR Decrease	PER CENT.
Average miles of road operated.....	1,370.26	1,374.62	3.36	.24
FREIGHT TRAFFIC				
Tons of revenue freight carried.....	28,090,749	30,224,907	2,134,158	7.06
Tons of company freight carried.....	2,727,929	2,561,916	166,013	6.48
Tons of all freight carried.....	30,818,678	32,786,823	1,968,145	6.00
Tons of revenue coal carried one mile.....	1,587,914,165	2,083,381,242	495,467,077	23.78
Tons of revenue merchandise carried one mile.....	3,830,053,372	3,646,575,095	183,478,277	5.03
Tons of company freight carried one mile.....	170,376,588	143,191,349	27,185,239	18.99
Tons of all freight carried one mile.....	5,588,344,125	5,873,147,686	284,803,561	4.85
Tons of revenue freight carried one mile per mile of road.....	3,953,970	4,168,393	214,423	5.14
Average distance revenue freight carried—in miles.....	192.87	189.58	3.29	1.74
Revenue from freight.....	\$60,742,356.28	\$63,552,306.90	\$2,809,950.62	4.42
Average revenue per ton carried	\$2.16-236	\$2.10-265	\$.05-971	2.84
Average revenue per ton per mile—in cents.....	1.121	1.109	.012	1.08
Freight revenue per mile of road operated.....	\$44,329.07	\$46,232.64	\$1,903.57	4.12
Freight revenue per revenue freight train mile.....	\$8.81-105	\$8.82-534	\$.01-429	.16
Tons of revenue freight per revenue freight train.....	785.91	795.70	9.79	1.23
Tons of all freight per revenue freight train.....	810.62	815.59	4.97	.61
Tons of all freight hauled per revenue service locomotive, excluding switching miles.....	652.75	666.23	13.48	2.02
Average number of tons of all freight in each loaded car.....	26.31	27.85	1.54	5.53
PASSENGER TRAFFIC				
Revenue passengers carried	4,040,013	4,020,252	19,761	.49
Revenue passengers carried one mile.....	273,152,655	253,565,671	19,586,984	7.72
Revenue passengers carried one mile per mile of road.....	199,344	184,462	14,882	8.07
Average distance carried—in miles.....	67.61	63.07	4.54	7.20
Revenue from passengers.....	\$8,034,040.35	\$7,688,391.84	\$345,648.51	4.50
Average revenue per passenger—in cents.....	198.862	191.242	7.620	3.98
Average revenue per passenger per mile—in cents.....	2.941	3.032	.091	3.00
Average revenue from passengers per passenger train mile (excluding milk and express).....	\$2.16-120	\$2.18-191	\$.02-071	.95
Passenger service train revenue	\$11,753,130.72	\$11,015,452.58	\$737,678.14	6.70
Passenger service train revenue per mile of road.....	\$8,577.30	\$8,013.45	\$563.85	7.04
Passenger service train revenue per train mile (including milk and express).....	\$2.46-726	\$2.42-717	\$.04-009	1.65
Average revenue passengers per car	15	15	.....	.....
Average revenue passengers per train (including mixed).....	73	72	1	1.39
REVENUES AND EXPENSES				
Freight and passenger revenue	\$68,776,396.63	\$71,240,698.74	\$2,464,302.11	3.46
Freight and passenger revenue per mile of road.....	\$50,192.22	\$51,825.74	\$1,633.52	3.15
Total operating revenues	\$74,430,573.07	\$76,374,805.25	\$1,944,232.18	2.55
Total operating revenues per mile of road.....	\$54,318.58	\$55,560.67	\$1,242.09	2.24
Operating expenses.....	\$57,433,390.16	\$60,967,968.63	\$3,534,578.47	5.80
Ratio of operating expenses to operating revenues.....	77.16%	79.83%	2.67%	.....
Operating expenses per mile of road.....	\$41,914.23	\$44,352.60	\$2,438.37	5.50
Net operating revenue	\$16,997,182.91	\$15,406,836.62	\$1,590,346.29	10.32
Net operating revenue per mile of road.....	\$12,404.35	\$11,208.07	\$1,196.28	10.66

1925

LEHIGH VALLEY RAILROAD COMPANY

Classification of Tonnage for the Years Ended December 31, 1925 and 1924

Table 12

COMMODITY	1925		1924	
	TONS	PER CENT.	TONS	PER CENT.
PRODUCTS OF AGRICULTURE:				
Wheat	774,820	2.76	738,496	2.44
Corn	169,487	.60	212,471	.70
Oats	175,820	.63	202,478	.67
Other grain	154,245	.55	246,781	.82
Flour and meal.....	1,011,132	3.60	945,634	3.12
Other mill products.....	376,642	1.34	379,713	1.26
Hay, straw and alfalfa.....	194,637	.69	205,593	.68
Tobacco	4,578	.02	11,114	.04
Cotton	25,723	.10	12,374	.04
Cotton seed and products, except oil.....	4,105	.01	513	.00
Citrus fruits.....	9,474	.03	8,238	.03
Other fresh fruits.....	112,724	.40	97,869	.33
Potatoes	59,782	.21	60,830	.20
Other fresh vegetables.....	69,048	.25	66,176	.22
Dried fruits and vegetables.....	10,907	.04	15,132	.05
Other products of agriculture.....	112,448	.40	140,080	.46
Total	3,265,572	11.63	3,343,492	11.06
PRODUCTS OF ANIMALS:				
Horses and mules.....	526	.00	744	.00
Cattle and calves.....	26,395	.09	24,908	.08
Sheep and goats.....	1,362	.00	1,621	.01
Hogs	24,072	.09	32,744	.11
Fresh meats.....	165,169	.59	113,082	.37
Other packing-house products.....	127,009	.45	191,385	.63
Poultry	15,832	.06	16,384	.05
Eggs	29,300	.10	33,401	.11
Butter and cheese.....	34,217	.12	45,916	.15
Wool	8,291	.03	5,603	.02
Hides and leather.....	32,915	.12	37,670	.13
Other products of animals.....	12,533	.04	7,936	.03
Total	477,621	1.69	511,394	1.69
PRODUCTS OF MINES:				
Anthracite coal	9,199,133	32.75	12,311,487	40.73
Bituminous coal	1,733,356	6.17	1,833,153	6.07
Coke	172,176	.61	84,523	.28
Iron ore.....	900,132	3.20	775,499	2.57
Other ores and concentrates.....	79,923	.28	39,791	.13
Base bullion and matte.....	17,971	.07	17,922	.06
Clay, gravel, sand and stone.....	1,626,981	5.79	1,478,131	4.89
Crude petroleum	243	.00	274	.00
Asphaltum	138,558	.49	148,499	.49
Salt	310,435	1.11	289,924	.96
Other products of mines.....	13,281	.05	10,625	.04
Total	14,192,189	50.52	16,989,828	56.22

1925

LEHIGH VALLEY RAILROAD COMPANY

Classification of Tonnage for the Years Ended December 31, 1925 and 1924, Continued

Table 12

COMMODITY	1925		1924	
	TONS	PER CENT.	TONS	PER CENT.
PRODUCTS OF FORESTS:				
Logs, posts, poles and cord wood.....	105,873	.38	186,513	.62
Ties	2,986	.01	9,210	.03
Pulp Wood	606	.00	140	.00
Lumber, timber, box shooks, staves and headings.....	466,224	1.66	475,593	1.57
Other products of forests.....	33,005	.12	33,879	.11
Total	608,694	2.17	705,335	2.33
MANUFACTURES AND MISCELLANEOUS:				
Refined petroleum and its products.....	593,282	2.11	562,571	1.86
Vegetable oils.....	28,680	.10	8,717	.03
Sugar, sirup, glucose and molasses.....	159,807	.57	146,249	.48
Boats and vessel supplies.....	185	.00	690	.00
Iron, pig and bloom.....	227,924	.81	271,938	.90
Rails and fastenings.....	10,606	.04	12,666	.04
Bar and sheet iron, structural iron and iron pipe.....	957,529	3.41	745,260	2.47
Other metals, pig, bar and sheet.....	143,019	.51	89,194	.30
Castings, machinery and boilers.....	83,412	.30	79,265	.26
Cement	1,638,621	5.83	1,449,952	4.80
Brick and artificial stone.....	200,290	.71	206,675	.68
Lime and plaster.....	58,932	.21	72,609	.24
Sewer pipe and drain tile.....	8,408	.03	9,842	.03
Agricultural implements and vehicles other than automobiles	32,207	.12	30,203	.10
Automobiles and autotrucks.....	289,696	1.03	258,619	.86
Household goods and secondhand furniture.....	3,589	.01	5,469	.02
Furniture (new)	28,260	.11	21,175	.07
Beverages	18,004	.06	16,052	.05
Ice	115,622	.41	97,273	.32
Fertilizers (all kinds)	43,086	.15	41,383	.14
Paper, printed matter and books.....	41,591	.15	47,805	.16
Chemicals and explosives.....	237,545	.85	224,207	.74
Textiles	11,371	.04	9,476	.03
Canned goods (all canned food products).....	127,807	.45	130,601	.43
Other manufactures and miscellaneous.....	3,755,555	13.37	3,401,830	11.26
Total	8,815,028	31.38	7,939,721	26.27
Grand Total, Carload Traffic.....	27,359,104	97.39	29,489,770	97.57
Merchandise—All L. C. L. freight.....	731,645	2.61	735,137	2.43
Grand Total, Carload and L. C. L. Traffic.....	28,090,749	100.00	30,224,907	100.00

LEHIGH VALLEY RAILROAD COMPANY

GENERAL REMARKS TO OWNERS OF RAILROAD SECURITIES

Excellent business conditions and a normal situation in the general transportation field have given the owners of railroad securities ample reason for regarding the future with confidence. The character of service the carriers have rendered in recent years has won high praise from their patrons and brought about a substantial change in the buying habits of the nation. Unfortunately, this state of affairs has given many the impression that the railroads are once more in a highly prosperous condition. Demands have been made for reductions in freight rates for the benefit of this or that industry or territory, and many classes of railroad employes seemingly have regarded the time as opportune to seek advances in wages. As a matter of fact, there is nothing in the situation to justify the thought that the railroads can meet large reductions in their income—either through lower revenues or greater operating expenses. They have, by no means, recovered from the losses sustained in recent periods of depression nor from the material impairment of their credit through the repressive regulation and restriction with which they had to contend during the period before the Transportation Act of 1920 was enacted.

Since the passage of this law the railroads have never in any year earned the $5\frac{3}{4}\%$ which the Interstate Commerce Commission has fixed as a fair return upon their investment. In 1925 they made the best showing, but even then their earnings as a whole represented only 4.83% upon the value of their properties. On the figures set up by the Commission itself as representing its tentative valuation of the properties used for transportation purposes, the railroads' earnings were barely $5\frac{1}{2}\%$. This tentative valuation has been challenged by the carriers as by no means representing the true full value of their properties.

Regardless of the method of measurement the present return is far from adequate and offers no opportunity for the carriers to build up a credit which will enable them to finance necessary improvements to their properties, and credit is a prime requisite, if they are to be equipped to meet the constantly growing demands of American business.

What, it may be asked, can the owners of railroad securities do under these conditions to protect their investments? They can and should manifest a continuing interest in all matters affecting the carriers, particularly with regard to legislation calculated to reduce their revenues. As has been pointed out in previous reports, there is a disposition among many members of Congress to put the highly technical matter of rate making into politics and to enact laws which will provide lower transportation costs for some group or territory, almost always at the expense of the railroads and the service they are able to give. Congress has vested the Interstate Commerce Commission with adequate powers over rates. This tribunal is fully equipped to study each particular case without regard to political or territorial claims, and it should be permitted to exercise its jurisdiction without interference or pressure. If the owners of railroad securities will use their best efforts to prevent political invasion of the railroad rate question, they will contribute a service of value to themselves and to the Nation's commerce.

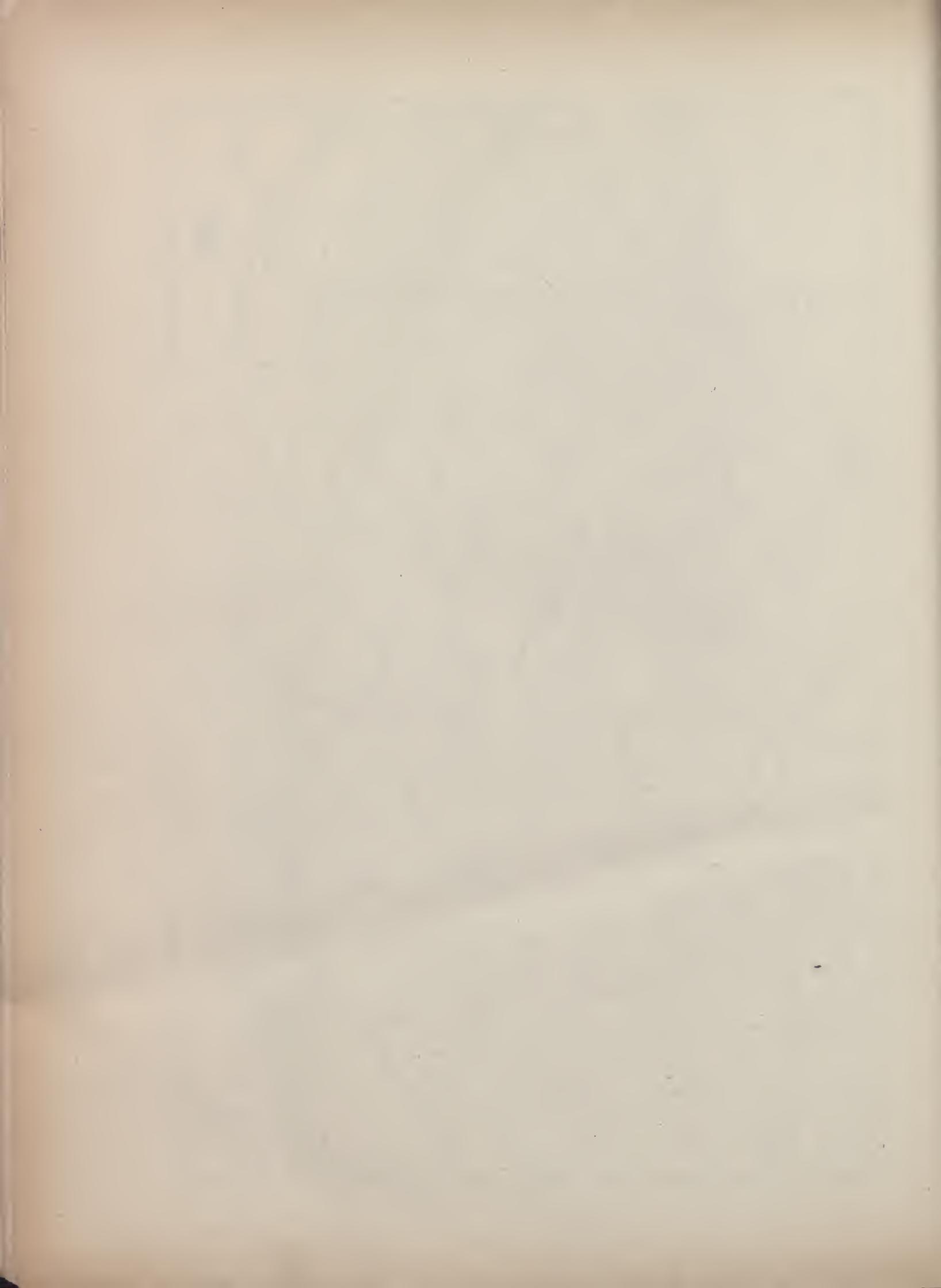
It would seem as if this were a proper attitude likewise in regard to consolidation of railroads, for which there has been considerable agitation in recent years. It is a remarkable feature of this question that the demand for the unification of the carriers has not come from the great body of the shipping public which is the principal user of transportation service. Many students of the problem are convinced that wholesale and arbitrary consolidation of railroads will not prove the unmixed blessing promised by the theorists on the subject, and that the building up of unwieldy systems, too large for adequate administration and supervision, is certain to bring serious impairment of the efficient service record American railroads have made in recent years.

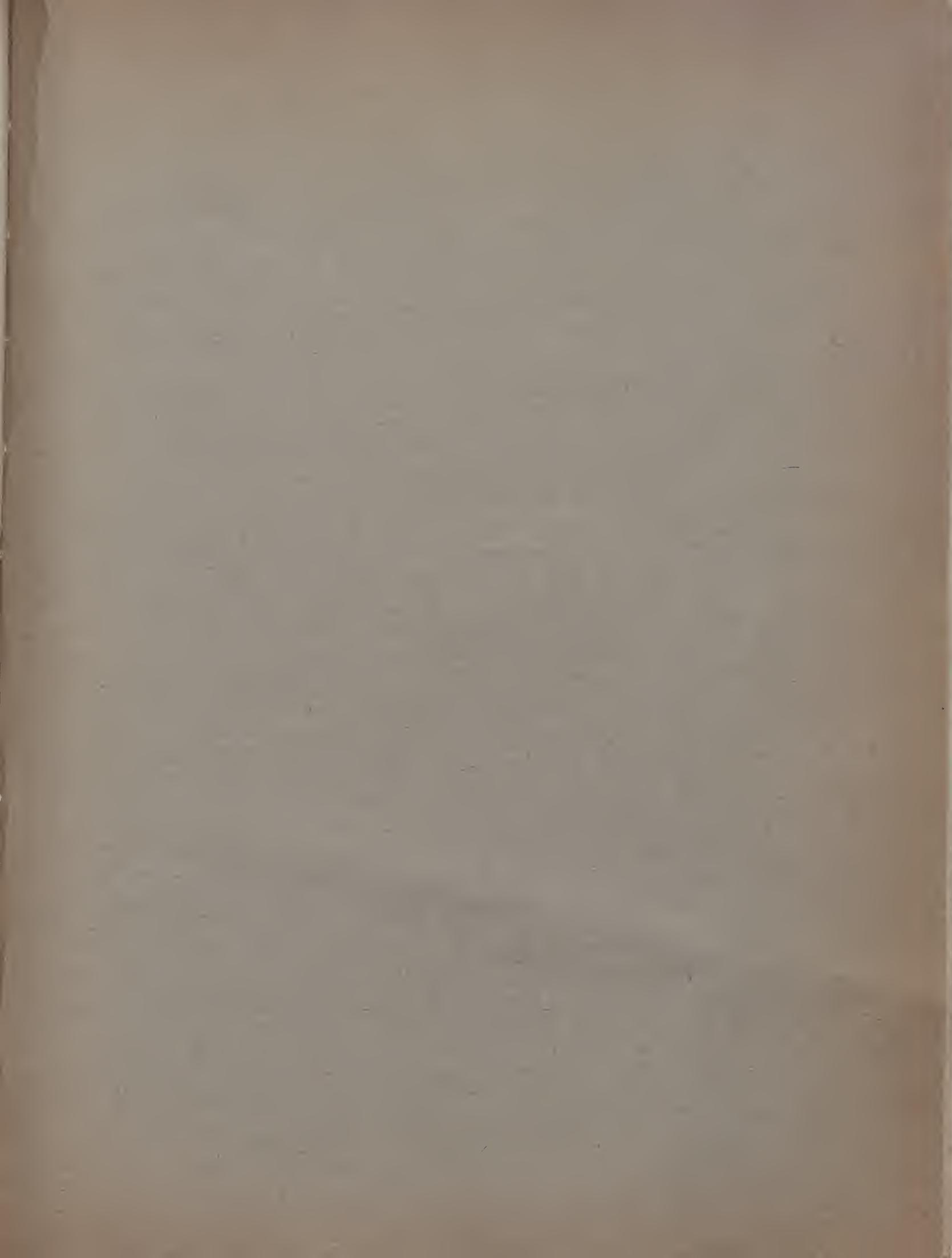
Unquestionably, there are advantages to be gained by permitting the consolidation of railroads, subject, of course, to the approval of the Interstate Commerce Commission, where unification can be made along normal lines and where it will bring about economies without impairing in any way the character of service given the public. This last, however, should be the acid test and all other advantages urged in favor of mergers should be made subservient to the results to be obtained from the standpoint of the shipping and traveling public.

Here, again, the public and particularly the owners of railroad securities may exercise a constructive influence through opposing any attempt at compulsory consolidation immediately or at any future time.

E. E. LOOMIS,
President.







1925